

Message Text

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ACTION PM-05

INFO OCT-01 EA-10 ISO-00 AID-05 ACDA-12 HA-05 NSC-05
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FM AMEMBASSY TAIPEI
TO SECSTATE WASHDC 8242
INFO SECDEF WASHDC
JCS WASHDC
CINCPAC HONOLULU HI

C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 04747

DEPT ALSO FOR A.I.D.
CINCPAC FOR POLAD

E.O. 11652: GDS
TAGS: MASS, MPOL, TW
SUBJECT: SECURITY ASSISTANCE ASSESSMENT - REPUBLIC
OF CHINA

REF: (A) STATE 167901 (010215Z JUL 78)
(B) TAIPEI 04687 (200907Z JUL 78) (NOTAL)

1. EMBASSY WELCOMES NEWS IN REFTEL THAT, IN THE FUTURE, THERE WILL BE ONLY TWO SECURITY ASSISTANCE REPORTS PER YEAR. THIS IS PARTICULARLY HELPFUL IN VIEW OF (A) OUR POLICY OF DECREASING THE SCOPE OF MILITARY ACTIVITIES AS THE USG MOVES TOWARD NORMALIZATION OF RELATIONS WITH THE PRC; (B) THE REQUIREMENT THAT WE STUDY EACH REQUEST FOR MAJOR DEFENSE EQUIPMENT ON A CASE-BY-CASE BASIS; (C) THE PROSPECT THAT, BY THIS TIME NEXT YEAR, THERE MAY BE EVEN FEWER U.S. MILITARY PERSONNEL HERE TO PROCESS SUCH REPORTS.

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2. SINCE WE DO NOT ANTICIPATE ASKING FOR OR RECEIVING ADDITIONAL FMS CREDIT GUARANTEES FOR ROC AFTER FY 79, OUR DECEMBER 15, 1978 CPD SUBMISSION WILL BE VERY BRIEF.

3. RESPONSES TO QUESTIONS IN PARAGRAPH 3A(1) THROUGH (6) ARE AS FOLLOWS: (WE UNDERSTAND FROM CINCPAC THAT RESPONSE TO PARAGRAPHS 3A(7) THROUGH (13) AND 3B ARE NOT

DUE UNTIL MAY 1, 1979 AND DECEMBER 15, 1978,
RESPECTIVELY.)

- 3A(1) U.S. INTERESTS AND SECURITY ASSISTANCE
OBJECTIVES. IT IS IN THE INTERESTS OF THE U.S., IN
PURSUING NORMALIZATION WITH THE PRC, THAT THE ABILITY
OF THE PEOPLE ON TAIWAN TO CONTINUE TO LEAD
PEACEFUL AND PROSPEROUS LIVES NOT BE JEOPARDIZED. IT
IS IN USG INTERESTS THAT THE RESOLUTION OF THE "TAIWAN
QUESTION" BE PEACEFUL AND THAT MANY OF OUR MUTUALLY
BENEFICIAL RELATIONSHIPS - INCLUDING OUR MILITARY
EQUIPMENT SUPPLY RELATIONSHIP WITH TAIWAN - BE MAINTAINED.
THE PRINCIPAL GOAL OF OUR SECURITY ASSISTANCE PROGRAM
IS TO HELP THE ROC MAINTAIN A MILITARY POSTURE WHICH
IS CREDIBLE IN THE EYES OF BOTH ROC AND PRC BUT DOES
NOT LEAD THE PRC TO CONCLUDE THAT ITS INTERESTS
OR SECURITY ARE THREATENED. PROVIDING BOTH
TRAINING AND MILITARY EQUIPMENT TO THE ROC ON
A REIMBURSIBLE BASIS HELPS MEET THIS PROGRAM OBJECTIVE.

- 3A(2) THREAT AS SEEN BY THE ROC AND ROC STRATEGIES
TO MEET THREAT. THE ROC CONSIDERS THAT ITS ONLY EXTERNAL
MILITARY THREAT IS FROM THE PRC. ROC BELIEVES PRC
MILITARY ACTION WOULD PROBABLY START WITH A BLOCKADE
AND/OR ATTACK ON THE OFF-SHORE ISLANDS FOLLOWED BY A
NAVAL AND AIR BLOCKADE OF TAIWAN ITSELF. ROC MILITARY
PLANNERS RECOGNIZE THAT THE PRC AIRFLEET - COMPOSED OF
BOMBERS, TRANSPORTS AND FIGHTER AIRCRAFT - IS LARGER THAN
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THAT OF THE ROC AND THE PRC HAS THE "TACTICAL ADVANTAGE"
OF BEING ABLE TO BASE A LARGE QUANTITY OF AIRCRAFT CLOSE
TO TAIWAN. IN ANY AIR ATTACK AGAINST TAIWAN THE EARLY
WARNING TIME WOULD BE VERY SHORT. IMPROVEMENTS IN THE PRC
AIR FORCE ARE BELIEVED TO CONSTITUTE A CONSTANT SERIOUS
THREAT TO THE REPUBLIC OF CHINA. ROC IS LESS CONCERNED
ABOUT THE POSSIBILITY THAT PRC MIGHT ATTACK TAIWAN WITH
NUCLEAR MRBMS OR IRMBS. AS FAR AS PRC NAVAL THREAT IS
CONCERNED, ROC IS WORRIED ABOUT PRC POSSESSION OF THE
STYX SHIP-TO-SHIP MISSILE, AGAINST WHICH THE ROC HAS NO
EFFECTIVE DEFENSE. EMPHASIS BY PRC ON INCREASING THE
SIZE OF ITS SUBMARINE FLEET IS ALSO A SOURCE OF CONCERN.
AS FAR AS THE GROUND THREAT POSED BY THE PRC ARMY IS CON-
CERNED, ROC ASSUMES THAT IF PRC GAINS AIR AND NAVAL
SUPERIORITY OVER THE TAIWAN STRAITS, AND IF THE PRC THEN
MOVES ITS TROOPS TO TAIWAN, ROC GROUND FORCES WILL
EVENTUALLY BE OVERWHELMED. ROC STRATEGIES TO MEET THE
EXTERNAL THREAT ARE (1) DEVELOPMENT OF A STRONG AIR
FORCE IN AN ATTEMPT TO INSURE ROC AIR SUPERIORITY OVER
THE TAIWAN STRAITS; (2) DEVELOPMENT OF A STRONG NAVAL
FORCE CAPABLE OF COUNTERING A COMBINED SURFACE AND SUB-
MARINE ATTEMPT TO BLOCKADE SEA ROUTES NEAR TAIWAN; (3)

MAINTAIN A LARGE STANDING ARMY CAPABLE OF WITHSTANDING ANY PRC INVASION FORCE. FINALLY, THROUGH TREATY TIES WITH THE U.S. ROC SEEKS POLITICAL AND MILITARY SUPPORT IN THE EVENT OF HOSTILITIES. IN GENERAL, ROC FORCES ARE DESIGNED TO PROVIDE ADEQUATE PROTECTION DURING THE INITIAL STAGES OF A CONFLICT. THEY ARE NOT EQUIPPED FOR A PROTRACTED ENGAGEMENT AGAINST THE PRC.

- 3A(3) THREAT AS SEEN BY THE MISSION. MISSION AGREES THAT THE ONLY EXTERNAL THREAT TO THE ROC IS FROM THE PRC. WE DO NOT THINK THE PRC HAS, OR WILL HAVE FOR A NUMBER OF YEARS, THE CAPABILITY OR THE INTENT TO

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ATTACK TAIWAN, IN SPITE OF PRC PUBLIC STATEMENTS CONCERNING "LIBERATING" TAIWAN. THE THREAT TO THE ROC, IN OUR VIEW, IS A LONGER TERM ONE WHICH MAY REPEAT MAY INCREASE AFTER NORMALIZATION AS THE PRC TAKES ADVANTAGE OF ITS STRONGER POLITICAL-PSYCHOLOGICAL POSITION TO PRESSURE THE ROC PSYCHOLOGICALLY AND PERHAPS ECONOMICALLY AND MILITARILY. ON THE OTHER HAND, WHEN THE BASIC PROBLEM OF U.S. RECOGNITION OF THE ROC IS ENDED, PEKING MAY BE PREPARED TO RELEGATE TAIWAN TO A PROBLEM WHICH "CAN BE SOLVED BY HISTORY," LIKE HONG KONG. THE PRC WILL BE RELUCTANT TO JEOPARDIZE ITS RELATIONSHIP WITH THE U.S. BY MOUNTING A MILITARY ATTACK ON TAIWAN, PARTICULARLY WITH CONTINUING CONFRONTATION WITH THE USSR, MERELY FOR THE SAKE OF RESOLVING A QUESTION WHICH IT BELIEVES WILL BE SETTLED IN ITS FAVOR ANYWAY. HOWEVER, A SIGNIFICANT DETERRENT FORCE ON TAIWAN IS AN ESSENTIAL

ELEMENT IN DISCOURAGING ANY POSSIBLE EXTREMISTS IN PEKING FROM THINKING THEY CAN TAKE OVER TAIWAN EASILY AND ALSO IN MAINTAINING CONFIDENCE ON TAIWAN.

- 3A(4) MILITARY ESTABLISHMENT SUITED TO MEET THREAT. THE MILITARY ESTABLISHMENT WHICH ROC THINKS BEST SUITED
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TO MEET THE THREAT PLACES EMPHASIS UPON AIR DEFENSE FIRST, NAVAL DEFENSE SECOND AND GROUND DEFENSE THIRD. IF USG DECIDES TO RELEASE CURRENTLY REQUESTED ARMAMENTS, MOST OF THE MILITARY ESTABLISHMENT'S EFFORTS AND FUNDS WILL CONTINUE TO GO FOR AIR DEFENSE AND NAVAL SYSTEMS, WITH LESS EMPHASIS GIVEN TO ARMY DEFENSE REQUIREMENTS.

- 3A(5) ROC MILITARY AND U.S. INTERESTS. THE COMPOSITION AND STRATEGIES OF ROC MILITARY FORCES ARE BASICALLY COMPATIBLE WITH U.S. INTERESTS. THE USG RECOGNIZES THE NEED FOR CONTINUING MODERNIZATION OF ROC FORCES TO KEEP UP WITH MILITARY DEVELOPMENTS IN THE PRC. U.S. MILITARY SECURITY ASSISTANCE PERSONNEL NO LONGER ADVISE THE ROC ON HOW TO DEVELOP OR EMPLOY ITS MILITARY RESOURCES; HOWEVER, IN THE PAST IT WAS MADE KNOWN THAT AIR AND NAVAL DEFENSES SHOULD TAKE PRIORITY AND THE ARMY AND GARRISON COMMAND SHOULD BE REDUCED IN SIZE. A LARGE STANDING ARMY DOES HELP PERPETUATE THE IDEA OF AN EVENTUAL RETURN TO THE MAINLAND. ADVANCED WEAPONS FOR ROC FORCES ARE ALMOST ENTIRELY U.S. IN ORIGIN. ROC OFFICIALS REALIZE TAIWAN COULD NOT ENGAGE IN PROTRACTED HOSTILITIES WITHOUT U.S. RESUPPLY SUPPORT AND THAT INDEPENDENT USE BY ROC OF ITS MILITARY FORCES AGAINST THE PRC IS IMPRACTICABLE. ROC HAS NO CHOICE, UNLESS IT DECIDES TO PURSUE A RADICALLY DIFFERENT FOREIGN POLICY INVOLVING DEVELOPING TIES WITH THE USSR OR PRODUCING NUCLEAR WEAPONS, BUT TO GEAR ROC MILITARY EMPLOYMENT IN WAYS WHICH ARE NOT AGAINST U.S. INTERESTS.

- 3A(6) DEFENSE SPENDING AND THE ROC ECONOMY. ROC DEFENSE SPENDING AMOUNTS TO APPROXIMATELY ONE-HALF OF CENTRAL GOVERNMENT EXPENDITURES. (THIS IS EQUIVALENT TO ABOUT ONE-THIRD OF TOTAL GOVERNMENT EXPENDITURE ON ALL
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LEVELS AND IS LESS THAN 10 PERCENT OF GNP.) THE ROC'S FOREIGN EXCHANGE RESERVES EXCEED US DOLLAR 5 BILLION; THE DEBT SERVICE RATIO IS ABOUT 6 PERCENT. THE ROC ECONOMY HAS GROWN STEADILY OVER THE PAST 25 YEARS TO A

POINT WHERE CURRENT MILITARY EXPENDITURES DO NOT IMPEDE
ECONOMIC DEVELOPMENT. OUR MILITARY ASSISTANCE PROGRAM
FOR FY 79 TENTATIVELY PROVIDES FOR DOLLARS 10 MILLION IN
FMS CREDITS AND WE DO NOT ANTICIPATE ASKING FOR ADDITIONAL
FMS CREDITS FOR THE ROC AFTER FY 79. NO MAJOR ROC
MILITARY WEAPONS PROCUREMENT PROGRAM IS TOTALLY
DEPENDENT UPON FMS CREDITS.

4. COMUSTDC CONCURS WITH THE OVERALL EVALUATION IN THIS
REPORT.
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